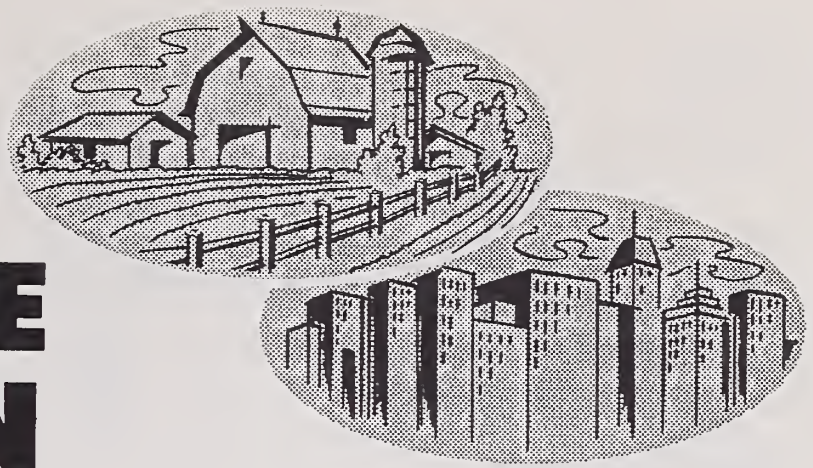


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REAPPRAISAL OF THE OUTLOOK
FOR 1967

GENERAL AGRICULTURAL SITUATION

GENERAL ECONOMIC SITUATION

CURRENT COMMODITY SITUATION

READERS SURVEY

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SERVICE

U. S. DEPARTMENT OF
AGRICULTURE

Table 2.--Index numbers of agricultural prices and marketings 1950-67 annually, and 1965-67 quarterly

Period	Prices received by farmers, 1910-14=100			Prices paid, interest, taxes, and wage rates 1910-14=100			Parity			Volume of farm marketings, 1957-59=100		
	Total	Crops	Livestock: and products	Total	Family living	Production	ratio	Total	Crops	Livestock and products	Total	Crops
1950	258	233	280	256	246	246	101	83	85	82	83	85
1951	302	265	336	282	268	273	107	84	84	85	84	85
1952	288	267	306	287	271	274	100	88	89	86	88	89
1953	255	240	268	277	269	256	92	92	95	90	92	95
1954	246	242	249	278	270	255	89	93	92	93	93	92
1955	232	231	234	276	270	251	84	96	96	96	96	96
1956	230	235	226	278	274	250	83	99	97	101	99	97
1957	235	225	244	287	282	257	82	94	88	99	94	88
1958	250	223	273	294	287	264	85	101	104	98	101	104
1959	240	222	256	298	288	266	81	105	108	103	105	108
1960	238	222	253	300	290	265	80	107	112	104	107	112
1961	240	227	251	302	291	266	79	109	110	108	109	110
1962	244	232	255	307	295	270	80	111	112	110	111	112
1963	242	239	245	312	298	273	78	116	119	114	116	119
1964	237	239	236	313	300	270	76	118	118	118	118	118
1965	248	232	261	321	306	276	77	119	120	118	119	120
1966	265	235	292	334	315	285	80	120	120	120	120	120
1967 I/	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	124	126	122	124	126
1965:												
I	238	236	240	318	303	273	75	100	85	112	100	85
II	250	244	255	322	306	277	78	92	61	115	92	61
III	250	226	271	322	306	277	77	122	126	118	122	126
IV	252	221	279	323	307	277	78	162	210	126	162	210
1966:												
I	267	230	300	329	312	282	81	106	99	111	106	99
II	264	239	286	333	314	283	79	96	67	118	96	67
III	270	241	294	335	317	287	80	121	121	121	121	121
IV	261	231	287	337	318	287	78	158	195	129	158	195
1967: I	252	224	277	340	318	289	74	105	88	118	105	88

I/ Preliminary estimates as of April 1, 1967. n.a. not available
U.S. Department of Agriculture.

GENERAL AGRICULTURAL SITUATION

First quarter 1967 cash receipts from farm marketings totaled 3 percent lower than the same period a year earlier. Although the volume of total farm marketings was about unchanged, producer prices averaged nearly 6 percent below the unusually favorable first 3 months of 1966 (table 2).

Cash receipts from crop marketings were about 7 percent below January-March 1966. Reduced marketings of feed grains, wheat, and cotton pushed the total volume of crop marketings 10 percent below the same quarter a year earlier. Crop prices also averaged slightly lower. Higher prices for wheat, feed grains, oil-bearing crops, tobacco, and potatoes were slightly more than offset by sharply lower cotton prices and lower citrus prices. Although cotton prices are lower, producer incomes are being maintained through changes in the Cotton Program. Citrus prices were lower as a result of the record citrus crop. The contribution of each commodity subgroup to the total change in the index of prices received by farmers between the first quarter of 1966 and 1967 is shown in table 3.

Cash receipts from marketings of livestock and products totaled about 1 percent below the very high level experienced in January-March of 1966. So far this year, marketings of fed cattle, hogs, lambs, eggs, and poultry have been averaging well above early 1966 levels. Milk marketings have been running slightly higher than year earlier levels and with higher prices, cash receipts were up 13 percent from January-March 1966. Larger marketings of livestock products in general have about offset the effect of 7 percent lower prices and producers' cash income is being well maintained so far this year. The fact that prices did not decline more with the large output increases is evidence of the very strong demand for livestock products.

Crop prices are expected to move somewhat lower as the year progresses if production plans materialize. Recently, grains and soybean prices have been weakening at central markets. However, recent actions to curtail the advance in production of livestock products point to some strengthening in livestock prices as the year progresses. For the year as a whole, the average of all farm prices is expected to average moderately below 1966 levels.

Cash receipts from farm marketings for 1967 as a whole may about equal last year's record level. The volume of marketings will total well above a year earlier, but prices may average lower and largely offsetting. Cash receipts from crops will hinge heavily on farmers' final crop plantings and, as usual, the weather.

Cash income from crops will again be supplemented by direct Government payments under the 1967 Feed Grain, Spring Wheat, and Cotton Programs. Payments are expected to total near the \$3.3 billion of last year.

Production expenses are estimated to rise further in 1967. However, the rate of increase will likely be considerably less than the \$2 $\frac{1}{2}$ billion gain last year. Larger expenditures are anticipated for feed purchases, repair and operation of machinery and equipment, and fertilizer. Expenditures for fertilizer may increase as much or more this year as in 1966. In addition to the uptrend in application rates, 18 million additional acres of cropland will be planted.

Other costs expected to rise further this year are taxes, interest on the farm debt, and depreciation charges on capital investment. Outlays for hired labor may be about steady as higher wage rates likely will be offset by fewer hired workers.

Table 3.--Changes in prices received by farmers, first quarter 1966
to first quarter 1967 1/

Farm product	Index of Prices Received:		Percent change 1967/66	Absolute change 1967/66	Contribution to total change in 1967/66 <u>2/</u>
	First quarter 1966	First quarter 1967			
All farm products	267	252	- 5.6	- 15	- 15
Livestock and products:	300	277	- 7.7	- 23	- 12
Meat animals	378	327	-13.5	- 51	- 13
Dairy	277	306	10.5	29	4
Poultry and eggs	168	146	-13.1	- 22	- 3
Wool	270	244	- 9.6	- 26	0
All crops	230	224	- 2.6	- 6	- 3
Food grains	172	185	7.6	13	1
Feed grains and hay	172	185	7.6	13	2
Cotton	228	172	-24.6	- 56	- 4
Tobacco	543	558	2.8	15	0
Oil-bearing crops	273	289	5.9	16	1
Fruit	230	197	-14.3	- 33	- 2
Vegetables	297	282	- 5.1	- 15	- 1
Potatoes, sweet- potatoes, and dry beans and peas	198	204	3.0	6	0

1/ Totals may not add due to rounding.

2/ The contribution to total change is derived by applying the subgroup weights to the absolute change in the corresponding index.

Realized net farm income in 1967 will likely be somewhat lower. Realized gross income may be about in line with the record high 1966 level, but production expenses are estimated over a billion dollars higher. As a result, realized net income may be 5 to 10 percent below the 1966 level. Prospects for increased off farm income and a continued decline in farm population, point to per capita disposable incomes for farm people in 1967 around the record level in 1966.

Farmers intend to plant an additional 18 million acres in 1967. Prospective plantings for the 17 crops included in the March 1 survey totaled 257 million acres. If growers carry out these plans and an allowance is made for the other crops not included in the March survey, planted acreage for all crops in 1967 would total about 316 million acres, around 6 percent more than 1966 planted acreage. This acreage, under normal growing conditions, would result in total crop output some 6 to 9 percent over 1966.

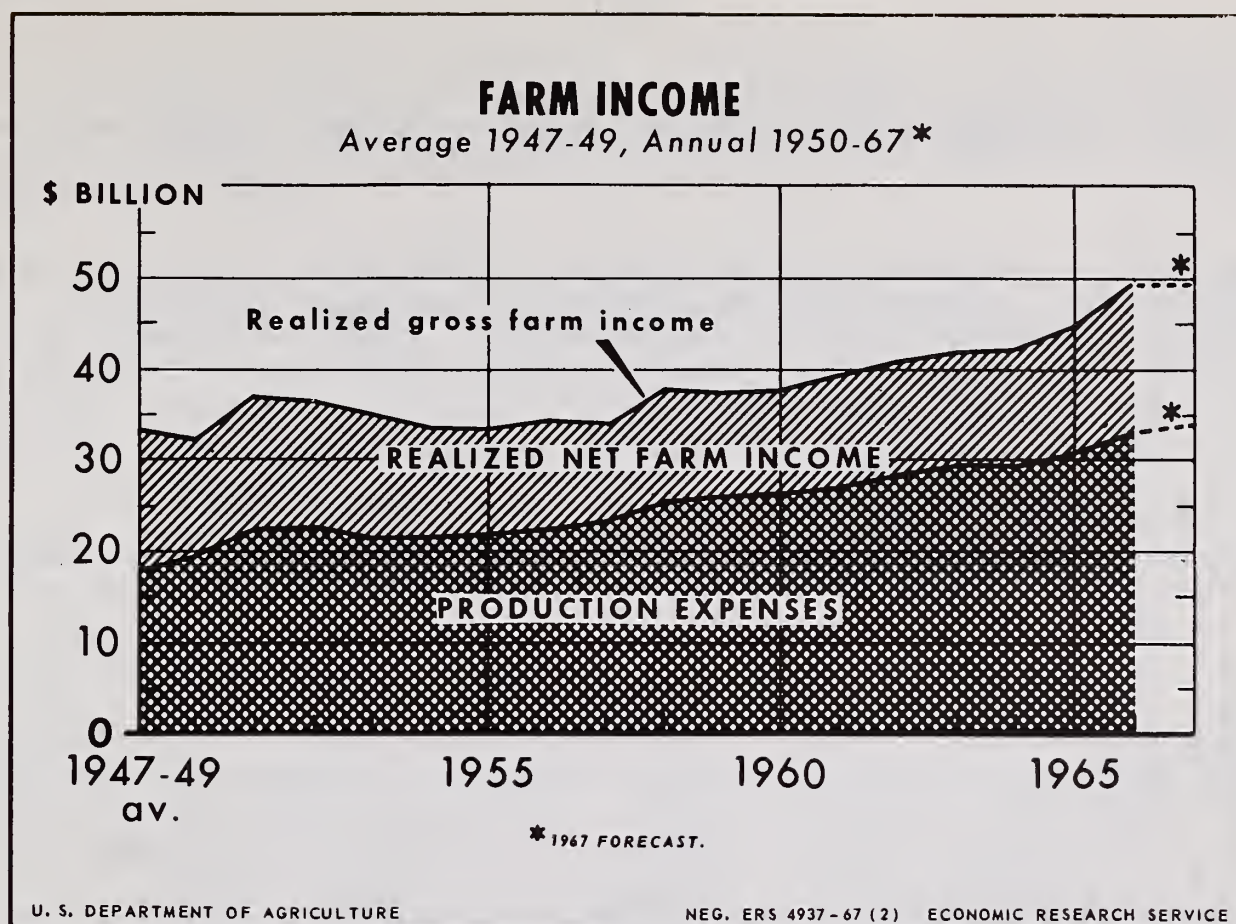


Figure 2

Planting intentions in March and April point to acreage increases for corn, sorghums, wheat, soybeans, tobacco, sugar beets, and principal commercial processing vegetable crops. Of the spring planted crops--intended plantings of corn were up most--4.4 million acres above 1966. Soybeans were second--up 3.2 million acres, and sorghums, third--up 2 million acres. Winter wheat plantings were up 11 million and intentions for the spring crop point to an increase of around 2 million acres from 1966.

Intended oat acreage decreased most from last year--down 2 million acres. Hay acreage is estimated down 1.3 million acres, and barley acreage is 1 million acres below a year earlier. Smaller acreage declines are also in prospect for flaxseed, cotton, potatoes, sweetpotatoes, dry beans, peanuts, and early spring fresh vegetables. Rice acreage is expected to equal last year's plantings. However, actual plantings for all crops may differ from intentions due to price developments, Government programs, and weather throughout the planting season.

Total livestock output in 1967 is estimated higher. So far this year, production of fed beef, pork, lamb, poultry, and eggs have been running well above last year. Although producers are cutting back on production gains above a year earlier, output of livestock products could be around 2 percent above 1966.

Recent revisions in cattle numbers have resulted in a reappraisal of the cattle outlook for the rest of 1967. Fed beef slaughter, running about 6 percent above a year

Table 4.--Gross and net income from farming, 1950 to 1966 annually and 1965-67 quarterly

Year	Cash receipts		Realized : nonmoney : income	Govern- ment : payments	Realized : gross farm : income	Farm : production : expenses	Farm opera- tors' net : realized : income	Net change : in farm : inventory	Farm operators' : total net : income 1/
	Marketings : Crops : and products	Livestock : and products							
-----Billion dollars-----									
1950	28.5	12.4	16.1	0.3	32.3	19.4	12.9	0.8	13.7
51	32.9	13.2	19.6	.3	37.1	22.3	14.8	1.2	16.0
52	32.5	14.3	18.2	.3	36.8	22.6	14.1	.9	15.1
53	31.0	14.1	16.9	.2	35.0	21.3	13.7	-.6	13.1
54	29.8	13.6	16.3	.3	33.6	21.6	12.0	.5	12.5
1955	29.5	13.5	16.0	.2	33.1	21.9	11.2	.2	11.5
56	30.4	14.0	16.4	.6	34.3	22.4	11.9	-.5	11.4
57	29.7	12.3	17.4	1.0	34.0	23.3	10.7	.6	11.3
58	33.5	14.2	19.2	1.1	37.9	25.2	12.7	.8	13.5
59	33.5	14.6	18.9	.7	37.5	26.1	11.4	.1	11.5
1960	34.0	15.1	18.9	.7	37.9	26.2	11.7	.3	12.0
61	34.9	15.5	19.4	1.5	39.6	27.0	12.6	.3	12.9
62	36.2	16.2	20.0	1.7	41.0	28.5	12.5	.6	13.1
63	37.2	17.3	19.9	1.7	42.1	29.6	12.5	.6	13.1
64	36.9	17.1	19.8	2.2	42.3	29.4	12.9	-.8	12.1
1965	39.2	17.3	21.9	2.5	44.9	30.7	14.2	1.0	15.2
1966 2/	42.9	18.2	24.7	3.3	49.5	33.2	16.3	-.2	16.1
1965: 3/									
I	37.3	17.0	20.3	n.a.	42.9	30.0	12.9	0	12.9
II	39.7	17.7	22.0	n.a.	45.4	30.8	14.6	.9	15.5
III	39.7	17.4	22.3	n.a.	45.5	30.9	14.6	1.5	16.1
IV	40.0	17.5	22.5	n.a.	45.9	31.2	14.7	1.4	16.1
1966: 2/									
I	42.2	n.a.	n.a.	n.a.	48.4	31.9	16.5	.6	17.1
II	42.2	n.a.	n.a.	n.a.	48.7	32.5	16.2	.2	16.4
III	43.0	n.a.	n.a.	n.a.	49.8	33.8	16.0	-.5	15.5
IV	44.1	n.a.	n.a.	n.a.	51.1	34.6	16.5	-1.2	15.3
1967: 2/									
I	43.0	n.a.	n.a.	n.a.	50.0	34.8	15.2	-.3	14.9

1/ Details may not add to totals due to rounding.

2/ Preliminary.

3/ Quarterly data seasonally adjusted at annual rates.

n.a. not available.

earlier in the first quarter, is expected to continue above 1966 for the rest of this spring. Fed cattle prices are expected to strengthen some in coming months, but may still average moderately below year-earlier levels. Cow slaughter averaged a tenth below year-earlier levels in January-March and for all of 1967 will likely run moderately below 1966 levels.

Hog slaughter in January-March averaged nearly a fourth above the same 3 months in 1967. As the year progresses, the increase in hog slaughter, compared with a year earlier, is expected to narrow. Hog producers in 10 Corn Belt States reported intentions to farrow 3 percent fewer sows in March-May and 5 percent fewer in June-August compared with a year earlier. Lower farrowing intentions, and less favorable hog/corn ratios in the first half of this year, point to the possibility of smaller hog slaughter next fall and winter.

Milk production in January-March averaged only a shade above a year earlier. Output per cow has recently been running around 4 to 5 percent above a year earlier. However, the current decline in cow numbers, though slower than in 1966, is continuing at an above average pace.

Production of chicken, turkeys, and eggs in January-March has been running sharply above a year earlier. Commercial output of poultry in the first quarter totaled 11 percent above a year earlier. Recent cutbacks in chick placements indicate that second quarter production will only slightly exceed the 1966 level.

Low turkey prices recently have stimulated a reduction in poult placements compared with a year ago. It now appears that turkey growers may raise 5 to 7 percent more turkey in 1967 compared with 1966. However, most of the gain is expected to occur before the traditionally heavy September-December marketing season.

Egg production continues to average well above 1966 levels, although less favorable egg/feed price ratios will likely limit gains over a year earlier as the year progresses. Producers are already culling laying flocks heavily.

Demand for food strengthened in the first quarter of 1967. Food expenditures rose nearly 4 percent from a year earlier to a \$93 billion seasonally adjusted annual rate. Retail food store sales were up moderately and spending at eating and drinking places was up sharply. Disposable personal income during the first quarter of 1967 rose nearly 7 percent from a year earlier to \$529 billion seasonally adjusted annual rate. As a result, the proportion of income spent for food declined from 18.1 percent to 17½ percent.

Retail food prices in the first quarter of 1967 averaged about 1½ percent above a year earlier, but down more than 1 percent from the record high of last August. Average retail food prices are expected to rise more than seasonally this summer if supplies of many livestock products are worked down in line with year-earlier levels and demand continues strong. Prices likely will be relatively strong in final months of the year. Average retail food prices in 1967 probably will exceed the 1966 average, perhaps in line with the 1.7 percent average annual gain during the past decade.

The increase in per capita disposable personal income is not expected to match last year's 6½ percent rise. However, per capita food consumption in 1967 will likely increase about 1 percent from 1966, about the same as the increase from 1965 to 1966. Red meat consumption is expected to increase about 2 percent per capita, with most of the gain in pork. Per capita poultry meat consumption may increase by 5 percent or more this year. Even egg consumption may increase on a per capita basis, the first substantial rise since 1950. Per capita consumption of fruit also is expected to record a sizable gain due to a large increase in citrus supplies.

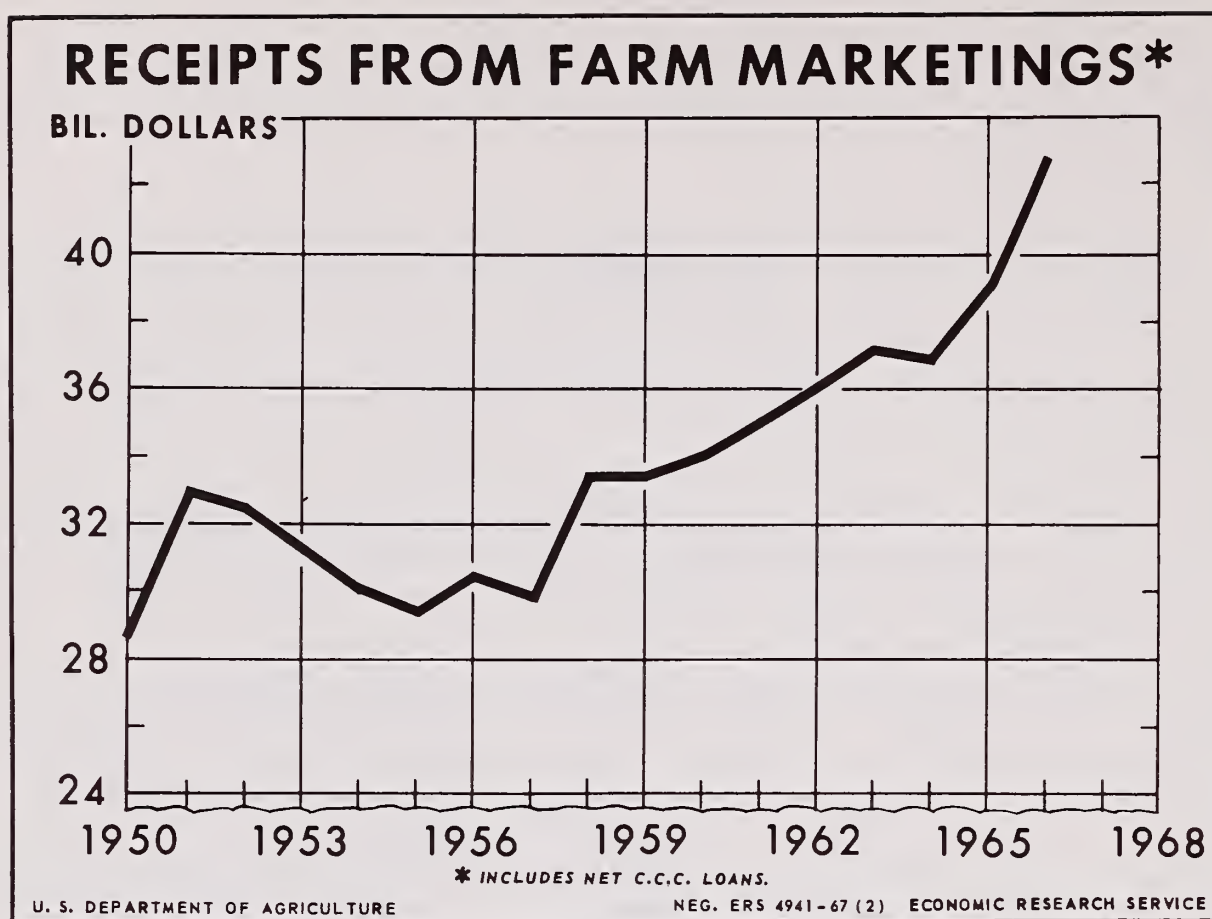


Figure 3

With larger supplies, retail prices for pork, eggs, fruits and vegetables, and potatoes are expected to average lower in 1967 compared with 1966. However, these declines likely will be offset by higher average retail prices for beef, dairy products, cereal and bakery products, and sugars and sweets. Food sold in restaurants will again bring higher prices this year.

Little change is likely in feed concentrates fed in 1966/67. The number of livestock production units--an indicator of feed requirements--are currently estimated moderately higher. But less favorable product/feed price ratios for most livestock and poultry products could dampen the demand for feed.

Because of a big drop in exports, total disappearance of feed grains from October to March--the first half of feed year 1966/67--was about 2 million tons below last season's high level of 90 million tons. Apparently, disappearance after being unusually high in the October-December quarter, declined 12 percent from last year's level in the January-March quarter. Domestic use of feed grains in the first half of the current feeding year was slightly above 1965/66. However, weaker foreign demand for U. S. feed grains reduced exports by about one-fifth. For the year as a whole, total domestic use may change little from the 1965/66 season, but exports could be down about 20 percent. But utilization is expected to exceed supplies and carryover stocks into 1967/68 may be around 20 to 25 percent below the 42 million tons of a year earlier. Feed grain stocks on April 1 were estimated at 103 million tons--10 percent below a year earlier and 20 percent below the 1959-61 April 1 average (table 5).

Table 5.--Stocks of grains, April 1, 1967, with comparisons

Grain and position	April 1, 1959-61 average	April 1, 1966	April 1, 1967
	<u>Mil. bu.</u>	<u>Mil. bu.</u>	<u>Mil. bu.</u>
WHEAT			
On farms <u>1/</u>	248.7	255.6	240.9
Off farms <u>2/</u>	1,354.7	661.7	461.8
Total*	1,603.3	917.3	702.7
CORN			
On farms <u>1/</u>	1,960.8	2,122.8	2,033.7
Off farms <u>2/</u>	1,358.2	740.5	670.3
Total*	3,319.0	2,863.3	2,704.0
OATS			
On farms <u>1/</u>	495.9	448.4	353.6
Off farms <u>2/</u>	71.7	87.3	87.7
Total*	567.6	535.6	441.3
BARLEY			
On farms <u>1/</u>	134.7	99.2	113.9
Off farms <u>2/</u>	126.7	94.0	92.0
Total*	261.4	193.1	205.9
GRAIN SORGHUM			
On farms <u>1/</u>	104.5	133.6	136.6
Off farms <u>2/</u>	632.9	590.6	393.3
Total*	737.4	724.1	529.9
SOYBEANS			
On farms <u>1/</u>	113.3	149.7	218.6
Off farms <u>2/</u>	184.9	225.9	241.3
Total*	298.2	375.6	460.0

1/ Estimates of the Crop Reporting Board.2/ Including grain owned by Commodity Credit Corporation

* Totals from unrounded data.

Table 6.--U. S. agricultural exports, value of major commodities,
January-March 1966 and 1967

Commodity	January-March		Percentage change <u>2/</u>
	1966	1967 <u>1/</u>	
	<u>Mil. dol.</u>	<u>Mil. dol.</u>	<u>Percent</u>
Cotton, excluding linters	96	158	65
Dairy products	42	30	-29
Feed grains, excluding products	349	277	-21
Fruits and preparations	70	69	-1
Soybeans	167	184	10
Tobacco, unmanufactured	84	93	11
Vegetables and preparations	41	40	-2
Wheat and flour	366	263	-28
Other	434	481	11
Total exports <u>3/</u>	1,649	1,597	-3

1/ Preliminary.

2/ Change computed from unrounded data.

3/ Totals may not add due to rounding.

U. S. Department of Agriculture.

Soybean crushings during September-March 1966/67 totaled 319 million bushels--1 percent above the same period a year earlier. Soybean oil and meal demand in the current season has been expanding at a somewhat slower rate compared with a year earlier. However, exports of oil and meal are expected to improve as supplies of competitive materials are worked down. Stocks of soybeans in all positions on April 1 were estimated at 460 million bushels--22 percent above a year earlier (table 5). Carryover stocks of soybeans next September 1 are expected to be record large.

Feed use and exports of wheat have been running below year-earlier levels during July-March 1966/67. As a result, total disappearance during July-March was about 1,144 million bushels, 6 percent below the same period a year earlier. However, stocks of wheat in all positions on April 1, 1967, totaled 703 million bushels, 214 million below a year earlier (table 5). Wheat stocks, which worked down last year, are currently running at their lowest level since 1952 but are more than adequate in view of current requirements.

Domestic mill use of cotton in the current crop year is running above a year earlier. The higher level of use reflects expanding civilian and military demands, a more competitive market position for cotton, and some inventory buildup from low levels. Exports of cotton in the current season are expected to reach 5 million bales--up from last year's low level of 2.9 million bales. As a result, U. S. carryover of all cotton is expected to be around 12 million bales by next August, down sharply from the record high of nearly 17 million bales the previous August.

Domestic use of wool has been weaker this season compared with a year earlier. Manufacturers' inventories of fabrics are currently running at relatively high levels and unfilled orders are down compared with a year earlier.

Cigarette consumption is expected to increase modestly in 1967. U. S. smokers smoked a record 541 billion cigarettes in 1966, nearly $2\frac{1}{2}$ percent more than in the previous year.

The value of U. S. agricultural exports during January-March 1967 declined 3 percent from the year earlier level of \$1,649 million. Increases in exports of cotton, tobacco, and soybeans were more than offset by declines in shipments of dairy products, feed grains, and wheat and flour (table 6).

Exports of wheat and flour declined 28 percent from year-earlier levels. Both commercial and aid exports of wheat and flour declined from year-earlier levels. Commercial exports faced stiffer competition due to the record 1966 world wheat crop--estimated at 10.1 billion bushels, up 11 percent from 1965.

Feed grain exports fell 21 percent from year-earlier record levels. The decline was due primarily to increased production of feed crops in Europe, Argentina, and South Africa, resulting in lower world market prices relative to U. S. prices.

In contrast to the grain situation, cotton exports during January-March 1967 increased 65 percent from year-earlier depressed levels. Lower world cotton production and record Free World consumption have been largely responsible for the turnaround in demand for U. S. cotton. Far Eastern countries are expected to increase cotton consumption the most.

The value of soybean exports was up 10 percent from year-earlier levels during the first three months of 1967. Japan continues to be a major source of demand with a growing feed industry. However, the increase in the value of soybean exports was due primarily to higher prices since the quantity exported was up only 3 percent from a year earlier.

Total farm machinery sales rose to new levels in 1966. Last year marked the sixth consecutive year of uninterrupted growth in farm machinery and equipment sales. According to the Census Bureau, the value of manufacturers' shipments of farm machinery and equipment (excluding tractors) in 1966 increased 20 percent from a year earlier, while shipments of wheel type tractors were up nearly 22 percent. Although part of the rise in machinery purchases reflects the 4 percent higher prices paid by farmers last year, much of the increase is due to purchases of larger machines. For example, more than one fourth more tractors of 70 horsepower and over were shipped in 1966 compared with a year earlier.

And the strong demand for farm machines appears to be carrying over into 1967, although the rate of increase apparently is slowing. Farmers' purchases of machinery and equipment appeared to be running about 8 percent above a year earlier in the first quarter. However, this was down about 10 percent from the fourth quarter level of 1966.

Table 7 --Other economic factors affecting agriculture (seasonally adjusted annual rates)

Item	Unit	1965				1966				1967			
		Year 1965	I	II	III	IV	I	II	III	IV	I	II	III
Gross National Product	Bil. dol.	739.6	681.2	660.8	672.9	686.5	704.4	721.2	732.3	745.3	759.3	764.3	764.3
Personal income	Bil. dol.	580.4	535.1	518.0	527.6	541.9	552.8	564.6	573.5	585.2	598.3	610.1	610.1
Disposable personal income ^{2/}	Bil. dol.	505.3	469.1	453.2	461.0	476.2	486.1	495.1	499.9	507.8	518.4	528.9	528.9
Personal consumption expenditures	Bil. dol.	464.9	431.5	418.9	426.8	435.0	445.2	455.6	460.1	469.9	474.1	482.2	482.2
Durable	Bil. dol.	69.3	66.1	65.1	64.4	66.7	68.0	70.3	67.1	70.2	69.6	68.1	68.1
Nondurable	Bil. dol.	206.2	190.6	184.5	189.4	191.4	197.0	201.9	205.6	208.1	209.2	214.7	214.7
Services	Bil. dol.	189.4	174.8	169.3	173.0	176.9	180.2	183.4	187.4	191.5	195.3	199.3	199.3
Personal savings	Bil. dol.	27.0	25.7	22.8	22.4	29.0	28.5	26.7	26.6	24.5	30.4	32.5	32.5
Net Government receipts	Bil. dol.	156.6	139.4	138.0	140.5	136.7	142.6	149.7	156.3	159.5	160.9	---	---
Government purchases	Bil. dol.	153.0	136.2	131.6	134.3	137.7	141.2	145.0	149.0	156.2	161.1	168.2	168.2
Deficit or surplus (on income and product account)	Bil. dol.	3.5	3.2	6.4	6.1	-1.0	1.4	4.7	7.3	3.3	-4	---	---
Gross private domestic investment	Bil. dol.	117.0	106.6	103.8	103.7	106.7	111.9	114.5	118.5	115.0	120.0	109.0	109.0
Fixed investment	Bil. dol.	105.1	97.5	94.4	96.0	98.0	101.5	105.6	106.2	105.1	103.5	103.5	103.5
Change in business inventories	Bil. dol.	11.9	9.1	9.5	7.6	8.7	10.4	8.9	12.3	9.9	16.4	5.5	5.5
Expenditures for plant and equipment	Bil. dol.	60.63	51.96	49.00	50.35	52.75	55.35	58.00	60.10	61.25	62.80	3/62.60	---
Corporate profits (before taxes)	Bil. dol.	82.3	75.7	74.5	74.5	75.0	78.7	82.7	82.8	81.9	81.8	---	---
Net exports of goods and services	Bil. dol.	4.8	7.0	6.4	8.2	7.1	6.1	6.0	4.7	4.2	4.1	4.9	4.9
Balance of payments (on liquidity Basis) ^{4/}	Mill. dol.	-1,424	-1,337	-2,788	904	-2,136	-1,328	-2,176	-488	-800	1/-2,232	---	---
Total civilian employment ^{5/}	Millions	72.9	71.1	70.3	70.8	71.3	71.8	72.3	72.5	73.1	73.7	74.0	74.0
GNP implicit price deflator	1958=100	114.2	110.9	110.1	110.7	111.0	111.6	112.6	113.8	114.7	115.5	116.3	116.3
Per capita disposable personal income (1958 prices)	Dollars	2,294	2,214	2,162	2,181	2,241	2,270	2,287	2,278	2,294	2,314	2,347	2,347

^{1/} Preliminary.^{2/} Excludes interest paid by consumers and net personal transfers to foreigners.^{3/} Estimates based on anticipated capital expenditures as reported by business.^{4/} Equals changes in liquid liabilities to foreign official holders, other foreign holders, and change in official reserve assets.^{5/} U.S. Department of Labor.

Departments of Commerce, Agriculture, and Securities and Exchange Commission.

GENERAL ECONOMIC SITUATION

Developments in the first quarter of 1967 tend to support earlier expectations for slower economic growth this year and especially during the first half of the year. The first quarter marked the first time since the first quarter of 1961 that the aggregate quantity of goods and services produced by the Nation leveled off. Nevertheless, the general price level continued to rise resulting in a small increase in the value of final goods and services produced. According to preliminary data, the gross national product rose \$5 billion in the first quarter of 1967 to \$764 billion. ^{1/} The first quarter rise was considerably less than the \$14 billion rise in the fourth quarter of 1966 and also the average quarterly rise for all of 1966.

However, the first quarter economic situation was significantly influenced by a drastic adjustment in business inventory stocks. Inventory accumulation amounted to \$5½ billion in the first quarter compared with \$16½ billion in the fourth quarter of 1966, the largest drop in the rate of inventory investment ever recorded in a single quarter (table 8). Final sales (GNP less inventory change) rose \$16 billion in the first quarter of 1967. This rise was up sharply from the fourth quarter of 1966 and somewhat larger than the average quarterly rise last year of \$12 billion. The larger rise in final sales during the first quarter of 1967, compared with the fourth quarter of 1966, stemmed primarily from a faster rise in consumer expenditures and Government purchases of goods and services. Fixed investment spending held steady after declining slightly in the fourth quarter of 1966. And, net exports of goods and services rose for the first time since the second quarter of 1965.

Table 8 .--Change from previous quarter in gross national product,
final sales, and change in business inventories, 1965-III
1967-I, seasonally adjusted annual rates

Item	1965		1966				1967
	III	IV	I	II	III	IV	I ^{1/}
	Billions of current dollars						
Gross national product	13.6	17.9	16.8	11.1	13.0	14.0	5.0
Final sales	12.5	16.2	18.3	7.7	15.4	7.5	15.9
Change in business inventories ^{2/}	1.1	1.7	-1.5	3.4	2.4	6.5	-10.9

^{1/} Preliminary.

^{2/} Represents the change in the change in business inventories. For example, the change in business inventories in the first quarter of 1967 (\$5½ billion) less the change in the fourth quarter of 1966 (\$16½ billion) equals minus \$11 billion.

The faster rise in final sales during the first quarter of 1967 illustrates the underlying strength of current demand. However, this strength may not eliminate all the effects of the inventory adjustment currently taking place. Inventory stocks

^{1/} All data in this section are seasonally adjusted annual rates unless otherwise specified.

Table 9.--Change from previous quarter in major categories of personal consumption expenditures, quarterly, 1965 II-1967 I

(Billions of current dollars)									
Item	1965				1966				1967
	II	III	IV	I	II	III	IV	I p.	
	<u>Bil.</u> <u>dol.</u>	<u>Bil.</u> <u>dol.</u>	<u>Bil.</u> <u>dol.</u>	<u>Bil.</u> <u>dol.</u>	<u>Bil.</u> <u>dol.</u>	<u>Bil.</u> <u>dol.</u>	<u>Bil.</u> <u>dol.</u>	<u>Bil.</u> <u>dol.</u>	
Total personal consumption expenditures	7.9	8.2	10.2	10.4	4.5	9.8	4.2	8.1	
Durable goods	-.7	2.3	1.3	2.3	-3.2	3.1	-.6	-1.5	
Nondurable goods	4.9	2.0	5.6	4.9	3.7	2.5	1.1	5.5	
Services	3.7	3.9	3.3	3.2	4.0	4.1	3.8	4.0	

p. Preliminary.

clearly were out of balance with sales during 1966, particularly in the fourth quarter of 1966 when the slow rise in sales resulted in a very high rate of inventory accumulation in the nonfarm sectors of the economy. During the first quarter of 1967, the rate of accumulation in inventories dropped drastically. The slower rate of accumulation probably reflected manufacturers', wholesalers', and retailers' efforts to adjust inventory stocks to current sales expectations. Inventories at the retail level actually declined as current sales were made partially out of inventory. Manufacturers' inventories rose, but at a sharply reduced rate compared with the fourth quarter. However, manufacturers' sales were reduced slightly, resulting in a less favorable inventory-sales position. The slight decline in manufacturers' sales probably reflects wholesale and retail inventory liquidation and the leveling in residential and nonresidential fixed investment spending.

Economic growth during the rest of 1967 will depend importantly on the length and magnitude of the current inventory adjustment, and the rate of demand expansion in general. If the strength in demand exhibited in the first quarter is maintained, the inventory adjustment may be substantially accomplished. It is currently expected that economic growth will expand in the second half. This expectation is based on prospects for orderly inventory adjustment, an accelerating recovery in construction activity, an improvement in net exports, and continued strength in consumer and Government demand for goods and services. In addition, fiscal and monetary policies, which have been highly stimulative recently, are expected to influence the economic situation.

Consumer demand rose faster in the first quarter of 1967 than in the fourth quarter of 1966. Expenditures for goods and services rose about \$8 billion to \$48.2 billion, compared with a \$4 billion rise in the fourth quarter. The larger increase in the first quarter reflected a substantial rise in spending for nondurable goods, which rose \$5½ billion to \$21¼ billion. All major categories of nondurable spending rose. Expenditures for food and beverages rose \$2 billion following a small decline in the previous quarter. Spending for clothing and shoes also rose about \$2 billion following a small decline in the fourth quarter. Durable goods spending declined for

Table 10.--Change from previous quarter in selected measures of personal income, 1965 I, to 1967 I, seasonally adjusted annual rates

Item	1965				1966				1967
	I	II	III	IV	I	II	III	IV	I p.
--Billions of current dollars --									
Total personal income	10.5	9.6	14.3	10.9	11.8	8.9	11.7	13.1	11.8
Wages and salaries:	5.9	5.5	7.1	10.0	9.2	7.4	9.3	8.3	6.8
Manufacturing	2.9	1.4	2.2	3.0	3.8	3.0	2.6	2.6	.4
Nonmanufacturing	2.4	3.2	3.1	4.4	3.6	2.7	3.7	3.4	4.0
Government	.7	1.0	1.7	2.6	1.8	1.8	2.9	2.2	2.5
Transfer payments	1.6	.8	4.2	-1.5	2.1	.2	2.1	3.1	3.2
Personal tax payments	4.0	1.7	.9	1.0	2.8	4.1	3.8	2.4	1.4
Disposable personal income	6.6	7.8	15.2	9.9	9.0	4.8	7.9	10.6	10.5
Disposable personal income in constant 1958 dollars	4.9	4.9	13.1	7.1	4.5	.5	4.3	5.4	7.6
Disposable income per capita (Dol.)	27	34	70	43	39	18	33	46	47
Disposable income per capita in constant 1958 dollars	22	19	60	29	17	-9	16	21	32

p. Preliminary.

U. S. Department of Commerce and Council of Economic Advisers.

the second quarter in a row as automobile demand receded further. Demand for furniture, household equipment, and other durable goods continued strong. Spending for services increased about \$4 billion in the first quarter of the year, about the same as increases in other recent quarters.

Consumer prices rose further during the first quarter but at a sharply reduced rate. The first quarter increase was less than half the rise in the fourth quarter of 1966. Retail food prices, which declined from the fourth to the first quarter, on a seasonally adjusted basis, played a very important role in the slower rise in overall retail prices.

Consumer buying intentions continue to reflect basic strength in demand for automobiles and selected other durable goods. ^{2/} According to the Census Bureau survey in mid-January 1967, 19.2 percent of the households reporting planned to purchase a new or used automobile within twelve months. The proportion in January was about the same as that in January 1966. However, the proportion intending to buy a new car was down from

^{2/} Includes washing machines, refrigerators, television sets, air conditioners, clothes dryers, radio and phonograph equipment, and dishwashers.

9.8 percent of all households reporting in January 1966 to 9.4 percent in January 1967. On the other hand, the proportion of households intending to buy a used car rose from 7.4 percent in January 1966 to 8.0 percent in January 1967. The decline in intentions to buy new cars reflects many factors such as high interest rates, the high rate of purchasing in recent years, and possible consumer reaction to safety. The high purchasing rate has lowered the average age of automobiles on the road and increased the percentage of households owning two cars from 19 percent in 1961 to 25 percent in January 1967. Intentions to buy other selected durable goods within six months declined slightly from January 1966 to January 1967 but remained well above January levels in previous years.

Although consumer spending increased at a faster rate in the first quarter of 1967 compared with the fourth quarter of 1966, disposable personal income continued to rise at about the same rate. The rise in consumer disposable income in the first quarter was the same as the fourth quarter gain of \$10 $\frac{1}{2}$ billion. The first quarter level of \$529 billion was 6 $\frac{3}{4}$ percent above a year earlier. In the fourth quarter, saving rose almost \$6 billion to \$30 $\frac{1}{2}$ billion and accounted for slightly less than 6 percent of disposable income, up from about 4 $\frac{3}{4}$ percent in the previous quarter. Saving rose further in the first quarter of 1967 but at a much slower rate. The saving rate rose to slightly more than 6 percent.

Total consumer income rose \$12 billion in the first quarter to \$610 billion--slightly less than the fourth quarter rise and very similar to the average quarterly rise for all of 1966. Private wage and salary payments continued to increase but at a sharply slower rate. The smaller gain in wage payments occurred primarily in manufacturing industries and most likely reflects the inventory adjustment currently taking place in the economy. Government payrolls rose at about the same rate as in previous quarters.

A slowing in employment growth and a reduction in the average workweek both contributed to the smaller gain in private payrolls. However, the slower increase in employment was accompanied by slower growth in the civilian labor force. As a result, the unemployment rate held steady at 3.7 percent of the civilian labor force. The average workweek in manufacturing industries fell from 41.2 hours in the fourth quarter to 40.6 hours in the first quarter. Almost all types of nonwage consumer income continued to increase in the first quarter, with personal interest income and transfer payments to persons registering the largest gains.

The decline in residential construction activity leveled off during the first quarter of 1967. The value of residential structures constructed had been declining since the first quarter of 1966. The first quarter 1967 leveling probably reflects the first stages of a turnaround in building activity, which is expected to be a positive source of demand later this year. Housing starts, of course, have already recovered somewhat from the seasonally adjusted low of 983,000 units in the fourth quarter of 1966 to 1,206,000 in the first quarter of 1967.

Many factors support an expected recovery in residential construction activity. Probably the most important is the stimulative monetary policy pursued since late 1966. Interest rates on both short-and long-term debt instruments have eased since the third quarter of 1966. The three-month Treasury bill rate, which peaked at 5.387 percent in October 1966, averaged 4.288 percent in March 1967. Long-term bonds that sold to yield 5.62 percent in September 1966 were yielding 4.52 percent by March 1967.

Table 11.--Annual percent changes in plant and equipment expenditures, 1962-67

Item	Actual				Anticipated 1966-67
	1962-63	1963-64	1964-65	1965-66	
All industries <u>1/</u>	5.1	14.5	15.7	16.7	3.9
Manufacturing <u>1/</u>	6.9	18.4	20.8	20.2	3.5
Durable goods <u>1/</u>	11.7	20.0	20.9	22.7	4.6
Primary metals	17.4	31.1	20.0	14.0	8.6
Machinery	-.5	19.2	32.6	32.3	22.8
Transportation equipment	22.5	25.0	27.8	18.3	-9.0
Stone, clay, and glass	5.4	10.7	14.9	16.6	-5.1
Nondurable goods <u>1/</u>	2.4	16.9	20.7	17.6	2.3
Food and beverage	-1.6	9.5	16.5	12.1	7.3
Textile	4.9	17.2	29.8	15.2	-11.6
Paper	.4	30.0	20.0	34.1	2.8
Chemical	3.0	22.4	31.7	15.3	1.9
Petroleum	1.6	15.0	13.7	15.8	3.7
Rubber	1.7	14.7	24.5	24.7	21.7
Mining	-3.3	14.0	9.3	12.9	8.0
Railroad	29.8	27.5	23.1	14.2	-25.3
Transportation other than rail	-7.3	24.0	18.4	22.3	14.7
Public utilities	3.0	10.1	11.7	21.1	8.8
Communications	4.5	13.4	15.0	13.6	} 3.0
Commercial and other	5.3	8.0	8.8	8.1	

1/ Includes industries not shown separately.

U.S. Department of Commerce, Office of Business Economics, and Securities and Exchange Commission.

The recent easing in interest rates reflects actions of the Federal Reserve System to lower interest rates and make the supply of credit more plentiful. The reserve position of the commercial banking system has been improving since October 1966. Open market operations have increased reserve availability and enabled member banks to reduce their borrowings at the "discount window." As a result, free reserves (excess reserves less borrowings from Federal Reserve Banks) have changed from a minus or net borrowed level of over \$400 million in October 1966 to a positive \$230 million in March 1967. In addition, the Federal Reserve Board lowered the discount rate in early April, which is the rate charged to member banks on borrowings from Reserve Banks, from $4\frac{1}{2}$ percent to 4 percent. The rate had been raised from 4 percent to $4\frac{1}{2}$ percent in December 1965.

Lower interest rates and increased credit availability contributed importantly to an increase in commercial bank loan activity. Loans outstanding at all commercial banks rose from \$208 billion in December 1966 to \$212 billion in March 1967 or at an annual rate of $7\frac{1}{2}$ percent. During the final three months of 1966, loans increased at an annual rate of 4 percent. The faster rise in commercial bank credit growth was accompanied by a faster growth in the money supply (demand deposits plus currency).

These developments will contribute to improvement in the future supply and cost of mortgage credit which were the primary restrictive forces in the residential construction sector last year. In addition, the proposal to restore the accelerated depreciation on commercial and industrial buildings would have a favorable effect on construction of apartment buildings. And the Federal National Mortgage Association continues to attempt to ease conditions in mortgage markets. Despite the favorable outlook for housing this year, there are factors which may delay the housing recovery until late in the year. Probably the most important factor is the time it takes builders to reestablish their operations.

Nonresidential investment spending leveled off during the first quarter of 1967 after a long and substantial rise. Nonresidential construction activity improved somewhat but spending for producers' durable equipment declined for the first time since late 1962. The leveling in nonresidential investment expenditures during the first quarter of 1967 reflects the changed investment climate compared with last year. In late 1965 and early 1966 economic activity rose sharply and, despite substantial increases in investment, factory utilization rates rose. As 1966 progressed, the situation changed rapidly. Slowly rising sales in some sectors resulted in a slight decline in operating rates by the end of the year. In addition, profits leveled off in 1966 and the investment tax credit and accelerated depreciation were suspended toward the end of the year (table 11).

These developments apparently had an important impact on 1967 capital investment plans of businessmen. According to the January-February OBE-SEC survey of business investment plans for 1967, spending for new plant and equipment is expected to increase 4 percent from the 1966 level. This would follow three years with annual increases of about 15 percent. Most industries are scheduling increases in spending during 1967 although the year-to-year gains are smaller than last year. Nevertheless, a few industries such as the railroad, textile, transportation equipment, and stone, clay, and glass industries are planning to reduce investment from last year.

Businessmen indicated that they planned to decrease spending for new plant and equipment slightly during the first half of the year but increase it moderately during the second half. Expectations for the second half may be revised by businessmen if

investment environment changes. Moreover, the latest survey of anticipations most likely does not reflect the proposal to restore the investment tax credit and accelerated depreciation on buildings. The possible impact of these factors is very difficult to assess at this time. The next survey of spending plans for 1967 will be released sometime in June.

Purchases of goods and services by the public sector rose substantially during the first quarter of 1967. Spending for goods and services by Federal, State, and local Governments increased \$7 billion from the fourth quarter 1966 level of \$161 billion. The first quarter increase represents one of the largest gains recorded since spending accelerated in 1965. Further increases are expected during the remainder of the year but they will probably not be as large as the first quarter gain.

Federal purchases accounted for a large share of the first quarter rise in total Government purchases. Over 60 percent of the \$7 billion first quarter rise in total purchases was due to higher Federal purchases which rose to \$86 billion. Defense spending continued to rise as a result of the Viet-Nam situation. Nondefense spending which had been steady to down slightly since late 1965, rose slightly more than \$1 billion to \$17½ billion. Other types of Federal spending, not directly included in the gross national product, were little changed from fourth quarter levels, except transfer payments to persons for such items as social security, medicare, and veterans benefits. These directly affect the flow of consumer income.

Although data on Federal receipts during the first quarter are incomplete at this time, it is likely that the deficit, as measured in the national income accounts, will rise substantially from the fourth quarter rate of \$3½ billion.

Purchases of goods and services by State and local Governments rose \$2½ billion in the first quarter of 1967 and accounted for slightly less than 40 percent of the \$7 billion rise in total expenditures for goods and services. The first quarter increase was slightly more than the fourth quarter rise and somewhat larger than the average quarterly gain of \$2 billion during all of 1966. Other types of State and local Government spending were little changed from fourth quarter levels. Data on State and local Government receipts are also incomplete at this time. However, it is likely that any surplus of receipts in the first quarter will be considerably below the fourth quarter level of \$3¼ billion.

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CURRENT COMMODITY SITUATION

Livestock and Products

Meat Animals

Meat production has been up substantially so far this year, and livestock prices have been considerably lower than in early 1966. Commercial meat production, including poultry, was 10 percent larger than a year earlier in January-March.

Fed cattle prices last winter were \$3 to \$4 per 100 pounds lower than a year earlier at most Midwest markets. Hog prices were also down sharply. Barrows and gilts at 8 markets averaged just over \$19 in January-March, about \$7.50 below the unusually high prices during these months of 1966.

Livestock prices likely will strengthen some later this spring and next summer if marketing gains over a year earlier narrow as expected. Fed cattle prices are expected to strengthen as marketings out of feedlots taper off compared with a year earlier. Seasonal price strength is underway for hogs and lambs.

There were 10.5 million cattle and calves on feed April 1 in 32 major feeding States, almost 3 percent more than a year earlier. Placements last quarter were 3 percent smaller than in January-March 1966, while marketings out of feedlots were 6 percent larger.

Cattle on feed weighing more than 900 pounds were up 13 percent while there were 1 percent fewer weighing less than 900 pounds. Cattle feeders plan to market 4 percent more cattle out of feedlots this spring than in these months of 1966.

Summer marketings of fed cattle probably will be about the same as a year ago. The number of cattle on feed in weight groups that usually move to slaughter in the summer were largely unchanged from a year earlier.

Hog slaughter last winter was considerably larger than a year earlier. Slaughter this spring and summer likely will continue above 1966, but the margin over a year earlier will narrow as the year progresses.

Producers took steps to cutback production toward the end of 1966 when hog prices became less attractive. In the second half of 1966, hog prices declined while feed costs rose. The hog/corn ratio averaged more than 20 to 1 in the first half of 1966 but then slipped below 17 to 1 in the second half. In April this year, it was 13 to 1.

Following the 10 percent increase in last fall's pig crop, producers in 10 Corn Belt States had only 6 percent more sows farrowing in December 1966-February 1967, and they plan reductions of 3 percent in March-May farrowings and 5 percent in June-August farrowings.

Barrows and gilts at 8 markets averaged about \$18.02 per 100 pounds in late April. Seasonally higher prices are expected this spring, but the summer high probably will be lower than the 1966 summer peak of \$25.75 in August. The fall seasonal price decline this year is expected to be less than in 1966 when barrows and gilts at 8 markets declined from \$25.75 in August to \$19.67 in December. Moreover, if producers' farrowing intentions materialize, hog prices by late fall or early winter may be about the same as or above a year earlier.

Lamb slaughter last winter was sharply higher than a year earlier. However, in late March it dropped below 1966 slaughter rates. Lamb slaughter probably will continue under a year earlier through the summer.

Reduced slaughter is expected to help maintain strength in lamb prices this spring. Slaughter lambs were around \$24.90 per 100 pounds at Denver in late April, about \$1.50 below a year ago.

Dairy

First quarter milk production totaled 29.6 billion pounds, up slightly from a year earlier, but 4.5 percent below the 1961-65 average. Output per cow, up 5 percent or more from a year earlier during September-February, gained 4 percent in March. Although cow numbers are dropping from year-earlier levels more slowly than in early 1966, the rate still is about 4 percent. The gain in output per cow may lessen as the year progresses. Revised data place 1966 production at 120.2 billion pounds, slightly more than 3 percent below the 1965 revised total of 124.2 billion pounds.

Prices farmers received for milk during January-March 1967 averaged \$5.05 per 100 pounds, 11 percent above a year ago, but down somewhat more than seasonally from the record \$5.40 of last October. For the year, milk prices received by farmers may average some 4 to 5 percent above the \$4.78 per-100-pounds for 1966. This would be a record high.

The support price level--\$4.00 per 100 pounds of manufacturing grade milk and 68 cents per pound of butterfat in farm separated cream--effective since June 30, 1966, is being continued in the 1967/68 marketing year. The support purchase price for butter, cheddar cheese, and nonfat dry milk also continues unchanged. On March 30, USDA increased the resale price of CCC-owned dairy products (for unrestricted domestic use) to not less than 110 percent of the purchase price. As a result of hearings held in April, seasonal pricing in Federal order markets was eliminated and class I prices raised 20 cents per 100 pounds, on an annual average, through April 1968.

Dairy imports in 1966 were 2.8 billion pounds milk equivalent, up from 0.9 billion in 1965, and are expected to rise sharply again this year unless action is taken to limit their entry. Non-quota products--chiefly Colby cheese and butterfat-sugar mixtures--accounted for most of the gain. Dairy exports in 1966 were equivalent to an estimated 0.8 billion pounds milk equivalent and 387 million pounds of nonfat dry milk, less than half the 1965 levels, due to relatively low U.S. production and increased supplies in Western Europe and Oceania.

Milk used in major manufactured dairy products in the first quarter of 1967 increased 7 percent from first quarter 1966. Most of the increase in available supplies has gone into butter and American Cheese.

Despite relatively low levels of U.S. production, CCC net removals in marketing year 1966/67 were 2.7 billion pounds milk equivalent, only slightly less than the 2.9 billion in 1965/66. For the first quarter of 1967, CCC net removals of dairy products from the market totaled 2.3 billion pounds milk equivalent and 188 million pounds of nonfat dry milk, compared with only 0.2 billion pounds milk equivalent and 132 million pounds of nonfat dry milk a year earlier. Milk production is increasing seasonally; therefore, removals during the second quarter of 1967 likely will continue at a substantial rate.

Per capita civilian consumption of milk in all dairy products was 603 pounds in 1966, down from 616 pounds in 1965, because use of home-produced milk on dairy farms declined and CCC donations for domestic programs dropped. Prospects are for a smaller decline in 1967, because CCC donations of butter and cheese for school lunch and welfare programs likely will increase.

Commercial disappearance in the first quarter 1967 totaled substantially less than a year earlier. In major urban markets, total fluid milk sales (product weight) in January-February were about unchanged from a year earlier, although fluid whole milk sales were down about 2 percent. Sales of manufactured products also were below year-earlier levels. Improving economic conditions and population growth should improve sales relative to a year earlier during the remainder of 1967.

Stocks of dairy products on April 1 were estimated at 5.6 billion pounds milk equivalent, up from 3.4 billion a year earlier. Commercial holdings were up about $1\frac{1}{4}$ billion pounds; government holdings, about a billion. Most of the gain was in butter and cheese.

Poultry and Eggs

Egg production continued to run well above year-earlier levels in early 1967, but the increase since December has been less than seasonal. March output was 6 percent higher than a year earlier, and 13 percent above the seasonal low last August. On April 1, there were 317 million layers on farms--5 percent more than a year ago. The rate of lay was 1 percent higher than on April 1 last year.

Production in early April was about at the seasonal peak. It likely will recede slowly from the spring high level but continue possibly 5 to 7 percent above a year earlier. Layer numbers and the rate of lay are expected to continue above last year's levels at least until fall. However, egg producers are beginning to respond to egg/feed price relationships which have been below year-earlier levels since the beginning of the year. They are culling laying flocks heavily and are reversing the uptrend in replacement chick hatchings.

Much of the increased production in recent months has been converted to liquid egg by commercial breakers. This has been associated with an unusually early movement of frozen eggs into storage. Storage stocks this year began to increase in January--2 months earlier than usual and 3 months earlier than in 1966. On April 1, stocks of frozen and shell eggs were equivalent to 1.2 million cases, compared with 0.6 million a year earlier and the 1961-65 average of 1.3 million.

With egg production exceeding consumption by a widening margin so far this year, egg prices have fallen sharply. Prices received by farmers averaged 29.9 cents a dozen in mid-April, compared with 40.9 cents in December and 38.3 cents in April 1966. On May 1 prices for large eggs in Chicago averaged 26.8 cents per dozen, the same as in mid-April but 7 cents below last year's early May level. Egg prices throughout 1967 are expected to continue averaging below the relatively high prices of 1966.

Broiler production continues to expand in 1967. The number of broilers slaughtered in Federally inspected plants in the 16 weeks ended April 19 was 7 percent above the like 1966 period, even though broiler prices have been lower and feed costs higher than a year earlier since last summer. However, chick placements or egg settings in 22 States during the 10 weeks ended April 22 were up only 3 percent, indicating that May-July broiler production will be only slightly above a year earlier.

Pullet chick placements for hatchery supply flocks have been cut back to below year-earlier levels in recent months. These cuts will put the industry in a better position to curtail production late this year and early next year if price levels warrant such an adjustment.

Monthly broiler prices have averaged below a year earlier since last September because of larger production, greater competition from red meat and turkeys, and reduced poultry exports. April prices for live broilers averaged 13.8 cents a pound--down 1/2 cent from the previous month and 2.0 cents below a year earlier. Early in May, prices for ready-to-cook broilers in Chicago averaged 24.7 cents a pound, compared with 28.0 cents in early May last year. With slightly larger production and much greater competition from other foods expected to continue for the next 3 to 6 months, broiler prices may average below year-earlier levels until fall.

Hatchery data suggest an increase of perhaps 5 to 7 percent in turkey production. They indicate that most of the increase in turkey slaughter will occur prior to the main marketing months of September-December. Turkeys killed in Federally inspected plants in the 16 weeks through April 19 numbered 9.3 million, compared with 7.0 million in that period last year. Cold storage holdings of turkey on April 1 totaled 209 million pounds--87 million more than a year earlier and 57 million more than the 1961-65 average for that date.

Turkey prices broke sharply after Christmas under the impact of the large supplies and greater competition from other meats. Average prices received by farmers in mid-April averaged 19.1 cents a pound--5.9 cents lower than in mid-December and 5.3 cents below a year earlier. Prices for the lighter consumer-sized birds--fryer-roasters, hens, and small toms--have declined the most. Demand for heavy toms (birds preferred by food processors and institutional users) have benefitted from the rising use of convenience foods made from turkey and the rising proportion for food eaten away from home.

Turkey prices probably will rise moderately later this year from currently depressed levels, with lighter birds showing the greater recovery. However, turkey prices may continue below the 1966 level during the remainder of the year.

Wool

Prices received by U.S. growers for shorn wool in 1967 are expected to average moderately less than the 1966 national-average price of 52.1 cents a pound, grease basis. Weaker U.S. mill demand for raw apparel wool and lower world wool prices resulted in sharply reduced prices of domestic wool during late 1966 and early 1967. In March of this year, boston prices of domestic territory combing wools gradings 60's and finer averaged about 10 percent less than a year earlier. Prices of those grading 56's-58's were down about 17 percent. World wool prices started declining in mid-1966. By December they had reached a low level and have since remained relatively stable. In March 1967, the decline in world prices of the 60's and finer wool about equaled the decline in domestic wool prices, compared with a year earlier, while prices of the 56's-58's were relatively stronger in the foreign markets than in the domestic markets.

U.S. wool production in 1967 will likely decline as a result of a decrease in the sheep inventory. On January 1, 1967, there were an estimated 23.7 million head of sheep and lambs on U.S. farms and ranches --4 percent less than a year earlier. Shorn wool production in 1966 totaled an estimated 194 million pounds, grease basis, down 4 percent from 201 million pounds in 1965.

Mill consumption of raw apparel wool declined sharply during the last part of 1966 and early 1967, compared with early 1966. The seasonally adjusted weekly rate during October 1966-February 1967 held relatively stable and averaged 4.4 million pounds--down more than 20 percent from early 1966. Lower consumption rates in recent months were accompanied by increasing inventories and declining unfilled orders for finished wool apparel fabrics. At the end of January 1967, inventories of these fabrics were up 21 percent and unfilled orders were down 45 percent, compared with a year earlier.

Imports of raw apparel wool have declined along with the decrease in mill use. During the first 2 months of 1967, raw apparel wool imports totaled 18.4 million pounds, clean content, down 49 percent from a year earlier. Imports of semiprocessed and manufactured apparel wool textile products totaled 9 million pounds in the first 2 months of 1967--down 22 percent from a year earlier. Imports of noils and wastes were also lower in early 1967.

Crops

Wheat

A total wheat crop of around 1½ billion bushels is indicated based on April 1 conditions for the 1967 winter wheat crop and planting intentions for the spring wheat crop. The indicated crop and prospective carryover next July would result in a total supply for 1967/68 slightly above the 1,848 million of the current year.

April 1, 1967, wheat stocks of 703 million bushels were down 214 million from the year-earlier level, and the smallest for the date since 1952. Total disappearance during July-March of the current marketing year was 1,144 million bushels, about 70 million below the same period in 1965/66. Both exports and feeding were below year-earlier levels during July-March 1966/67. Exports, at 582 million bushels, were down 37 million from July-March 1965/66, while wheat feeding was about 50 million bushels less.

Prices received by farmers averaged \$1.62 per bushel for the first 3 quarters of the 1966/67 crop year. This was 37 cents over the applicable loan rate and 25 cents above the average for this period a year earlier. Prices during the remainder of the marketing year will depend largely on the development of the 1967 wheat crop and the rate of disappearance during the last quarter of the crop year. Prices have eased some recently, apparently reflecting prospects for a record crop and recent declines in exports.

Rice

Disappearance of rice totaled 56.6 million cwt. (rough basis) during August-March 1966/67 compared with 52.6 million a year earlier. Export registrations as of early April were about 25 percent above the same time in 1965/66. The carryover of rice on July 31, 1967, may be about the same as the 8.2 million cwt. of a year earlier. The March intentions report indicated a 1967 rice crop of 88 million cwt., a new record and 3 million above that in 1966. The 1967 rice acreage allotment, at 2 million acres, is unchanged from a year ago, but yields are expected to continue the uptrend of recent years.

Feed Grains

Feed grain disappearance in January-March fell sharply from the high level of the previous quarter. Disappearance in January-March totaled 41 million tons, 17 percent below October-December and 12 percent below January-March 1966. This brought disappearance for October-March--the first half of the 1966/67 feeding year--to 90 million tons, slightly below last year's high level. Domestic consumption of 78 million tons was 2 percent larger than last year. However, the decline in foreign demand reduced exports to around 12 million tons, about a fifth below a year earlier. Domestic use for the entire year may be about the same as the record 141-million-ton level of 1965/66, but exports probably will be about 1/5 below last year's record movement of 29 million tons. The carryover into 1967/68 is expected to be around 20 to 25 percent below the 42 million of a year earlier. A carryover of this size would be somewhat larger than was expected earlier in the year.

Feed grain stocks on April 1 were estimated at 103 million tons, about 11 million below last year. Stocks under loan and owned by CCC totaled 25 million tons, 45 percent less than last year and the smallest since the mid 1950's. Stocks of corn amounted to 2.7 billion bushels, almost 160 million below stocks on that date a year earlier. Sorghum grain totaled 530 million bushels, about 200 million below last year. Oat stocks of 441 million bushels were 18 percent less than last year, but the 206 million bushels of barley were 7 percent above last year's level.

Feed grain acreage for 1967 was indicated at 120 million on the basis of March 1 prospective plantings. This would be about $3\frac{1}{2}$ million acres more than in 1966 but a little below the 1961-65 average. Increases of a little over 4 million acres of corn and about 2 million acres of sorghums were planned. However, reductions of 2 million acres in oats and 1 million in barley from 1966 were in prospect. With a normal growing season this year, feed grain production (allowing for the uptrend in yield) would total about 170 million tons compared with 157 million in 1966. A crop of this size and the estimated carryover would result in a feed grain supply of around 200 million tons for 1967/68, or about the same as the 1966/67 level.

Preliminary returns indicated that farmers have signed up to divert 21.5 million acres of corn and sorghum to soil conserving uses under the 1967 program. This is substantially below the 36.2 million acres signed for diversion last year which included nearly 4 million acres of barley. Of the total acreage signed for diversion this year, 10.2 million was for payment, compared with 21.2 million in 1966.

The index of prices received by farmers for the four feed grains during October-April this year averaged 12 percent above the same period last year and the highest since 1954/55. The smaller supplies and continuation of the generally strong domestic demand, which developed during the last half of 1965/66, have been largely responsible for higher prices through mid-April. Corn prices at Chicago markets declined about 8 to 10 cents a bushel during April, but remained a little above a year earlier.

Oilseeds, Fats and Oils

The supply of soybeans for the current marketing year which began September 1, 1966, was 967 million bushels compared with 875 million in 1965/66. Soybean crushings during September-March 1966/67 totaled 319 million bushels compared with 316 million a year earlier. Crushings so far this marketing year are running behind early season expectations, due primarily to the relatively high prices of soybeans in relation to product values. During the remainder of the current marketing year, the crushing rate is expected to increase somewhat from year-earlier levels as total requirements for

soybean oil and meal increase, and supplies of competitive cottonseed oil and meal are reduced sharply. Soybean exports during September-March 1966/67 were slightly below year-ago levels. High prices during the summer and fall of 1966 have held down exports so far this year. Increased competition from competitive oils and meals abroad also is a factor holding down soybean movement. In coming months, the rate of soybean exports is expected to increase slightly from year-ago levels as supplies of competitive materials are reduced and U.S. soybeans again become attractive. Soybean stocks in all positions on April 1, 1967, totaled a record 460 million bushels, 22 percent above a year earlier. Carryover stocks of soybeans next September 1 may total around $2\frac{1}{2}$ times the relatively small 36 million bushels of last year.

Soybean prices (No. 1 yellow, Chicago) have been relatively steady since last October. The monthly average, ranging between \$2.88 and \$3.00 per bushel, was 7 percent higher than in October-April 1965/66. Prices have drifted lower recently and in late April were \$2.84 per bushel, 23 cents less than a year ago. In coming months, prices probably will remain fairly steady but are expected to adjust to new crop prospects. The recently announced resale program for 1966-crop soybeans is expected to provide some stability to market prices as well as offer producers an opportunity to earn storage payments on farm-stored soybeans.

Growers intend to sow 40.6 million acres to soybeans in 1967--over 3 million more than in 1966. This will be the seventh consecutive year of record high acreages. If yields are average (with allowance for trend), 1967 soybean production would reach a record of 1 billion bushels, compared with 931 million in 1966. Total soybean supplies (including carryover) would be an estimated 1.1 billion bushels, about a tenth above 1966/67.

Fruit

Production prospects for peaches in the 9 Southern States were reduced appreciably as a result of a severe mid-March freeze, particularly in the Carolinas. Total supplies from the Southern States, used mostly for fresh marketing, are now expected to reach only about half of last year's near-average crop, despite anticipated good crops in most other States in this region. Fresh market prices during June and July can be expected to be somewhat higher than during the same months of 1966. California peaches also are shipped in volume during these months, but it is still too early to indicate probable production in this State.

Harvest of winter strawberries in Florida continued in light volume through April. The 1967 Florida strawberry crop was substantially smaller than last season's but slightly larger than average. In the early spring States (Alabama, Louisiana and Texas), the crop was moderately above both a year ago and the average. Louisiana, the leading producer in this group, accounted for all of the increase. The early spring States and California (mid-spring State) are the principal suppliers of fresh-market berries during April. Grower prices since the start of the year have averaged considerably below year-earlier levels. U.S. imports of fresh strawberries so far this season are up sharply from last year, but still represent only a small proportion of total domestic supplies. Most berry imports come from Mexico. Total prospective acreage in the mid-spring and late spring States is down slightly from 1966. These States account for most of the domestic strawberry production.

Cold storage stocks of apples on April 1 were substantially larger than a year earlier. Grower prices for apples increased, as usual, during March but remained well below a year ago. In mid-April, prices at Washington shipping points, where most of the

remaining 1966-crop apples are stored, continued to average below last year. Pears, now nearing the end of the marketing season, were also in considerably larger supply than on April 1, 1966. Grower prices for 1966-crop pears have averaged considerably below the levels of the last year. For apples and pears, as well as most other tree fruits, the season is still too early for a good indication of 1967 production.

The quantity of fruit harvested by mid-April from the record-large 1966/67 citrus crop, especially oranges, exceeded year-earlier levels and picking continues in heavy volume. But supplies remaining "on tree" are considerably larger than last year. Freezing weather in Florida during late February caused negligible damage to the current citrus crop, but, due to extremely dry conditions this spring, fruit production of trees not heavily irrigated is expected to be reduced somewhat. Trees in other citrus-producing States are generally in good condition.

April 1 estimates of the U.S. orange, grapefruit, and lemon crops exceed early-season forecasts. Total orange production is now expected to be 34 percent above last season and 64 percent greater than average. The grapefruit crop is 14 percent above last year and 35 percent above average; lemon production is 12 percent greater than last season and 18 percent above average. So far this season, the proportion of harvested oranges used for processing is moderately greater than last year; the percentages of lemons and grapefruit processed are slightly larger. Grower prices for oranges and grapefruit are sharply below a year ago, but those for lemons are up.

Through late April of the current season, output of Florida frozen concentrated orange juice and chilled orange juice--the two most important processed citrus products--was up sharply from a year ago. Packers' stocks of frozen orange concentrate also were substantially larger despite a very favorable rate of movement to distribution channels compared with last season. Production of this as well as other processed citrus items will increase further as harvest of Florida Valencia oranges gets under-way in volume in early May. Prices of frozen orange concentrate and chilled orange juice, as well as canned citrus products, continue substantially below year-earlier levels. To assist the citrus industry in marketing the record large 1966/67 orange crop, the USDA has purchased the equivalent of 14.8 million gallons of frozen orange concentrate as a surplus removal activity. Last season, USDA frozen orange concentrate purchases for the above purpose amounted to 390,000 gallons of the 1965/66 output.

Remaining packers' stocks of principal canned deciduous fruits from the 1966/67 pack, based on available data, appear to be somewhat larger in total than a year ago. Clingstone peaches and pears probably account for most of the increase. Supplies of canned apple slices and sauce as well as cherries are substantially below year-earlier holdings. Cold storage stocks of frozen fruits on April 1 were up moderately from a year ago due mostly to substantially larger holdings of strawberries and other berries.

Commercial Vegetables

Supplies of fresh vegetables this spring are expected to be down a little from the high level a year ago but moderately above the 1961-65 average. Among major vegetables, smaller supplies than last spring appear likely for snap beans, cabbage, sweet corn, cucumbers lettuce, tomatoes, and peppers. But tomatoes are the only item expected to be in relatively light supply. Prospective output of broccoli and cauliflower is up slightly, and large increases are likely for celery and onions. Spring-crop harvests will be at a seasonal peak during May and June. Prices generally are expected to average above the low levels of a year earlier.

Markets for processed vegetables continue strong, mainly due to relatively light canned stocks. Frozen supplies are substantially larger than a year ago. Prices for processed items are holding about the same or above the high levels that prevailed last spring.

The strong markets of recent years probably will result in a big increase in output in 1967. Intentions reports showed that processors plan a moderate expansion in total acreage this year, with increases likely for nearly all items. Recent average yields on the intended acreages would result in a record processing tonnage, with especially large increases in production for canning. If current prospects are realized, supplies of virtually all canned and frozen vegetables for the 1967/68 marketing season would be ample to heavy, and prices likely would average materially below the high prices of the season.

Remaining supplies of storage potatoes probably are about the same as a year earlier, with much heavier stocks in the East offsetting smaller holdings in other areas. Despite little change in supply, prices so far this spring have been sharply below those of a year earlier, mainly because of a reduced processor demand. Markets are expected to continue under pressure through the spring. Prospective new-crop output is substantially smaller than the larger production of a year earlier, but is still about average. Growers of potatoes for summer and fall harvest have reported plans for slightly fewer acres this year than last. With average yields, production would be down moderately.

Sweetpotato marketings will be relatively light as the 1966/67 season draws to a close over the next few weeks. Prices are expected to continued sharply above the low levels of a year earlier. Intentions reports show that growers plan a moderate reduction in plantings this year. With recent average yields on the intended acreage, production would be slightly smaller than that in 1966.

Although movement of dry beans into domestic and export outlets has been relatively heavy so far this season, remaining stocks are large--sharply above the tight supplies of a year ago. Markets are under pressure, and prices are the lowest in several years. Early reports point to continued large supplies. Growers in March indicated intentions to reduce dry bean acreage moderately this year, and with recent average yields, production would be down 4 percent from the 1966 record output. However, because of expected large carryover stocks at the beginning of the season, total supplies in 1967/68 would be at least as large as those available this season.

Dry pea supplies are smaller than a year ago; export demand is strong, and prices are relatively high. Growers planned a 4 percent acreage increase this year which, with average yields, would lead to a substantial increase in production over 1966. But the increase would be offset by a smaller carryover. Total supplies in 1967/68 may be about the same as those of the season.

Cotton

U.S. carryover of all kinds of cotton is expected to total around 12 million bales next August, about 5 million bales below the record high of nearly 17 million bales last August. Stocks are being sharply reduced during this crop year because combined mill consumption and exports are expected to total well above the small 1966 crop.

U.S. cotton exports are showing a sharp recovery this year and are expected to total about 5 million bales, up from last year's small total of 2.9 million bales. U.S. cotton exports during August-March totaled about 3.4 million bales--up from 2.2 million for the same months a year earlier. Exports during the remaining months of the current year are expected to continue well above last year. Record consumption in foreign Free World countries and reduced world production are contributing to increase U.S. cotton exports this year.

Mill consumption of cotton in the United States thus far this crop year is above a year earlier. Estimated total use of around 9.6 million bales this year reflects strong demand for cotton textile products for civilian and military uses, competitive gains for cotton in the domestic market, and some buildup in "pipeline" inventories of textile products from very low levels.

U.S. mill consumption of cotton also was large during the past calendar year--increasing about 3.4 percent from 1965, the largest total since 1951. A 10 percent rise in use of man-made fibers primarily reflected a 17 percent increase in non-cellulosic fibers, since use of rayon and acetate fibers advanced only 2.6 percent. Cotton's share of total fiber consumption again fell slightly to 51.4 percent, compared with 52.7 percent in 1965.

Preliminary ginnings indicate that the 1966 crop totaled 9.6 million bales, down over 5 million bales from the 1965 crop of 14.9 million. Production was down sharply in 1966 because of smaller harvested acreage and lower yields.

Cotton acreage is expected to remain small for the 1967 crop. Planting intentions have been indicated at 10.0 million acres. This is down from 10.4 million acres planted to the 1966 crop, and it may be the smallest acreage since the 1870's. With more producers selecting the 35 percent acreage diversion option under the 1967/68 upland cotton program, they have signed up to remove about 4.8 million acres of cotton from production. For the 1966 crop, the average diversion was about 30 percent on total acres signed up.

Provisions of the 1967 upland cotton program are similar to those for the 1966 program; however, both the diversion and price-support payment rates are higher, while the average loan rate is lower. Co-operators in the 1967 program are eligible for price support loans of 20.25 cents per pound for Middling 1-inch cotton--down from 21.00 cents for the 1966 crop. In addition, price support payments of 11.53 cents a pound are provided on projected production on the domestic allotment (which is 65 percent of the farm allotment), and diversion payments are provided at a rate of 10.78 cents a pound on projected production on all diverted acreage. For the 1966 crop, price support and diversion rates were 9.42 cents a pound and 10.50 cents, respectively.

Tobacco

In 1966, U.S. smokers consumed over 541 billion cigarettes--2.4 percent more than in 1965 and more than in any previous year. Consumption per capita (18 years and over) rose 0.7 percent over 1965 but was 1½ percent under the 1963 peak. Of total 1966 output, filter tip cigarettes comprised about 68 percent--up from about 64½ percent in 1965. U.S. cigarette consumption in 1967 seems likely to increase modestly from 1966.

U.S. consumption of cigars and cigarillos in 1966 was down 4 percent from 1965 and 9 percent from the 1964 peak. However, consumption still remained 14 percent above 1963--the long-time high prior to 1964. In 1967, not much change from the 1966 level of consumption is expected.

Exports of unmanufactured tobacco in 1966 totaled 551 million pounds (equivalent to about 625 million, farm-sales weight)--18 percent above 1965 and the largest in 20 years. Principal factors contributing to the increase in exports were sanctions against Rhodesian tobacco, improved quality of recent flue-cured crops, and the export payment program strengthening the competitive position of U.S. leaf in foreign markets. In the year ending June 30, 1967, U.S. exports of unmanufactured tobacco may total around 580 million pounds (about 660 million, farm-sales weight)--more than one-fifth larger than in 1965/66 and probably the largest since 1946/47. Developments in the Rhodesian situation will be of continuing great importance to U.S. tobacco exports because of Rhodesia's substantial position in the world's flue-cured tobacco production and trade.

In 1967, flue-cured tobacco--the leading U.S. kind--will be grown under the acreage-poundage program for the third year. Based on the prospective acreage and an average yield per acre (with an allowance for trend as modified by restraints of the acreage-poundage program), the 1967 crop of flue-cured tobacco may be about $8\frac{1}{2}$ percent larger than 1966 marketings. The 1967 national quota is about the same as in 1966 and 1965, but adjustments in individual farm quotas and matching acreage allotments to reflect net cumulative undermarketings of the past 2 seasons is expected to result in a considerably larger crop in 1967 than in either of the past 2 years. The 1967 crop marketings plus an expected carryover in mid-1967 that may be around 8 percent lower than a year earlier may provide a $2\frac{1}{2}$ percent smaller total supply in 1967/68 than in 1966/67.

The sales period during which untied flue-cured tobacco will be price supported in belts traditionally selling it in tied form will be expanded in the 1967 season. In those belts (in North Carolina, South Carolina, and Virginia), price support will be available on untied flue-cured tobacco of all grades during the first 95 hours of sale; in 1966, it was limited to the first 12 sales days (about 60 hours). Consequently, the proportion of the flue-cured crop sold in untied form in 1967 is expected to be larger than in 1966. USDA has also announced plans for making price support available on untied tobacco on all flue-cured markets throughout the entire marketing season by 1969. All flue-cured tobacco sold on the Georgia and Florida markets traditionally has been marketed in untied form.

In a referendum conducted during February 27-March 3, 1967, burley growers rejected acreage-poundage quotas for the 1967, 1968, and 1969 crops. About 59 percent of those voting favored quotas on an acreage-poundage basis, short of the required more than two-thirds majority. An acreage-poundage program had previously been offered to burley growers, but was rejected in a March 1966 referendum. The acreage allotment program thus remains in effect for 1967 burley, as growers approved marketing quotas on an acreage basis for this crop in a previous referendum. Allowing for trend in average yields, the intended acreage for burley tobacco would provide a 1967 crop fairly close to 1966 crop marketings. Adding expected reduced carryover, the 1967/68 supply of burley would be about $1\frac{1}{2}$ percent below 1966/67 and 4 percent below the 1964/65 peak.

The 1966/67 supply of Maryland tobacco is 1 percent below the record high of 1965/66 but above any other year. Auctions for the drought-affected 1966 crop began April 11 and are scheduled to continue through June 30. Prices through May 1 averaged 49.1 cents a pound, compared with 69.0 cents a year earlier. Government price support is not in effect for the 1966 crop, since growers did not approve a marketing quota for this crop. The 1967 crop also will not be eligible for price support when it is marketed next year, because growers rejected a marketing quota applicable to that crop.

DPS READER SURVEY

During the closing months of 1966, a random sample survey of subscribers to the Demand and Price Situation (DPS) was conducted. The Economic Research Service of the U.S. Department of Agriculture thanks the participants for their cooperation with this survey. The main purposes of this survey were to get a profile of the audience and to find how well the report meets the readers needs. The sample consisted of around 50 percent of the total mailing list of 5,819. Two mailings were conducted which yielded 1,631 replies, representing about 65 percent of the sample and 28 percent of the total mailing list. Those readers who were not surveyed are invited to submit their comments or suggestions for improving the DPS.

The results of the survey indicate that around half of the readers use the DPS as a source of general information. Around one-fifth of the readers use the report as a guide to decision making, and a similar number use it as a data reference. The DPS appears to be fulfilling its objective of providing a general wrap-up of the situation and outlook in agriculture and its interrelationship with the overall economy. Some interest was expressed in more information on the agricultural situation and outlook. Most respondents felt the general economy was treated adequately.

Table 12.--Principal business of subscribers to the
Demand and Price Situation 1/

Items rated	Number	Percentage of total
Total responding to survey	1,631	100
Farming or farm organization	234	14
Processing or distributing farm products	187	11
Farm equipment, supplies, services	67	4
Banking and financing	125	8
Trader or broker	190	12
Advisory service	70	4
News media	72	4
Educational institutions (incl. extension workers)	457	28
Government (excl. extension workers)	175	11
Publicity	28	2
Other	26	2

1/ Based on results of survey.

The survey showed that the readership of the DPS is quite diversified (table 12). About 28 percent are affiliated with educational institutions (including extension workers). About half as many are engaged in farming. Processors and distributors, traders and brokers, and persons associated with Federal, State, and local Governments each account for about 10 percent of the total. Banking institutions account for another 8 percent. Dealers in farm equipment and supplies, advisory services, and news media each account for about 4 percent of the total.

The respondents were asked to rate the report with respect to outlook information, background information, tables and charts, organization, and clarity (table 13). About 90 percent of the respondents rated the report good to excellent on each of these points. Generally, the very good rating was used about twice as much as the excellent and good ratings. For example, about 44 percent of the respondents rated the outlook information as very good, 21 percent rated it excellent, and 23 percent rated it good. To a large extent, this pattern was followed for each aspect of the report rated.

Table 13.--Ratings of Sections of the Demand and Price Situation 1/

Items rated	No re- sponse	Excel- lent	Very good	Good	Fair	Poor	Never use	Total
	Number							
Outlook information	81	342	728	374	84	10	12	1,631
Background information	111	354	673	399	78	8	8	1,631
Tables, charts	111	439	614	376	68	10	13	1,631
Organization of report	135	331	644	453	58	10	n.a.	1,631
Clarity of report	123	315	639	458	84	12	n.a.	1,631
Average	112	356	660	412	74	10	7	1,631
	Percentage							
Outlook information	5	21	44	23	5	1	1	100
Background information	7	22	41	24	5	0.5	0.5	100
Tables, charts	7	27	37	23	4	1	1	100
Organization of report	8	20	39	28	4	1	n.a.	100
Clarity of report	8	19	39	28	5	1	n.a.	100
Average	7	22	40	25	5	0.6	0.4	100

1/ Based on results of survey. n.a. not applicable.

To obtain suggestions for improving the report, readers were asked whether they wanted more, less, or the same emphasis on the following aspects of the report: (1) Outlook information, (2) detail on current economic situation, (3) agriculture, (4) general business, (5) special articles, (6) statistical information, and (7) charts. Roughly 40 to 45 percent indicated they wanted more emphasis on the agricultural outlook and current situation (table 14). Slightly less desired no change in emphasis on these items, and the remainder did not respond. With respect to emphasis on the general business outlook and current situation, about 20 percent wanted more, 45 percent no change, 10 percent less, and the remainder did not indicate a preference.

About 56 percent of the 1,631 respondents republished, discussed, or otherwise circulated information in the DPS during the past year. Of those using the information in these ways, about 20 percent used the whole text, 30 percent the Summary, and 25 percent the tables and charts for further dissemination. The remainder used combinations of these three basic categories.

Respondents were also asked to indicate the media used to disseminate information obtained from the report. Although only 906 respondents indicated that they did use information, some used more than one medium. As a result, over 1,300 responses were recorded for types of media used. Meetings were the most common mode used, with over 40 percent of the responses recorded in this category. Newsletters, memoranda, radio-TV, and newspaper articles were also important methods of further disseminating information in the report. It is estimated that roughly two-thirds of the 906 respondents disseminating information contained in the report reached over 6 million people. Of course, this is only a very rough estimate and, therefore, should be used with extreme caution.

Finally, respondents were asked to make specific comments on ways to improve the report. Only about one-fourth of the participants in the survey replied to this question, and slightly more than one-third of these indicated they wanted no change. Nearly one-fifth thought the report needed more detail on commodity supply and demand, and nearly 10 percent thought the report should be more objective. Other comments included shortening the report, more regional analysis, more foreign trade information, and numerous other comments which could not be classified under a single heading.

Table 14.--Suggestions for improvement of the
Demand and Price Situation 1/

Items rated	No response	More	Less	No change	Total
	Number				
Outlook information	301	747	15	568	1,631
Detail and explaining current economic situation	335	627	52	617	1,631
Emphasis on agriculture	339	572	57	663	1,631
Emphasis on general business	402	358	147	724	1,631
Special articles	459	495	47	630	1,631
Detail in table content	446	320	112	753	1,631
Longer time series	451	377	71	732	1,631
Charts	420	441	61	709	1,631
	Percentage of total				
Outlook information	18	46	1	35	100
Detail in explaining current economic situation	21	38	3	38	100
Emphasis on agriculture	21	35	3	41	100
Emphasis on general business	25	22	9	44	100
Special articles	28	30	3	39	100
Detail in table content	27	20	7	46	100
Longer time series	28	23	4	45	100
Charts	26	27	4	43	100

1/ Based on results of survey.

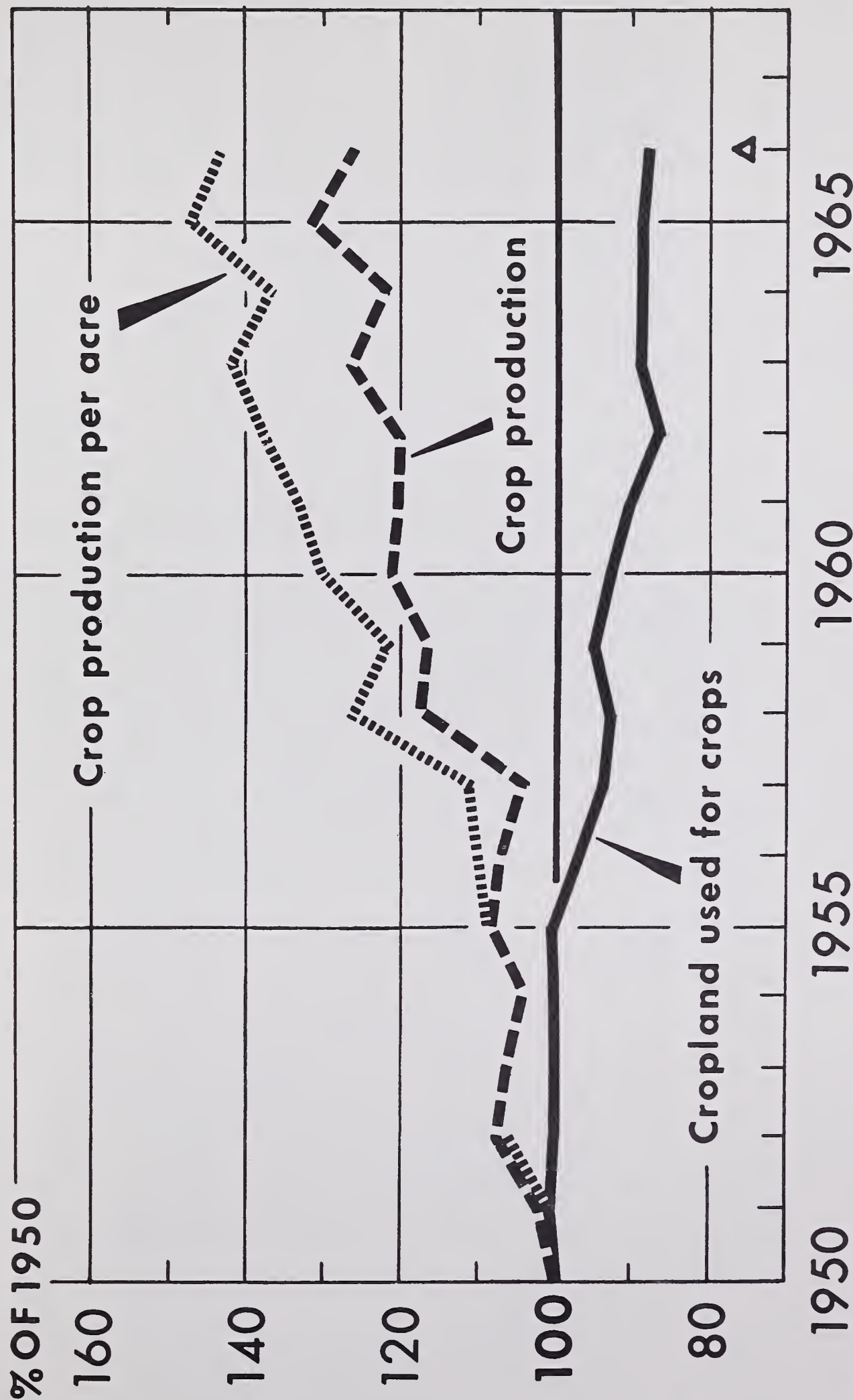
Table 1.5--Economic factors affecting Agriculture, 1929, 1941, 1947 and 1953-66

Item	Unit or base	1929	1941	1947	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Gross national product, total ^{1/}	Bil. dol.	103.1	124.5	231.3	364.6	364.8	398.0	419.2	441.1	447.3	483.7	503.7	520.1	560.3	590.5	631.7	681.2	739.6
Personal consumption expenditures	Bil. dol.	77.2	80.6	160.7	230.0	236.5	254.4	266.7	281.4	290.1	311.2	325.2	335.2	355.1	375.0	401.4	431.5	464.9
Durable goods	Bil. dol.	9.2	9.6	20.4	33.2	32.8	39.6	38.9	40.8	37.9	44.3	45.3	44.2	49.5	53.9	59.4	66.1	69.3
Nondurable goods	Bil. dol.	37.7	42.9	90.5	116.8	118.3	123.3	129.3	135.6	140.2	146.6	151.3	155.9	162.6	168.6	178.9	190.6	206.2
Services	Bil. dol.	30.3	28.1	49.8	79.9	85.4	91.4	98.5	105.0	112.0	120.3	128.7	135.1	143.0	152.4	163.1	174.8	189.4
Gross private domestic investment	Bil. dol.	16.2	17.9	34.0	52.6	51.7	67.4	70.0	67.8	60.9	75.3	74.8	71.7	83.0	87.1	93.0	106.6	117.0
Net exports of goods and services	Bil. dol.	1.1	1.3	11.5	.4	1.8	2.0	4.0	5.7	2.2	.1	4.0	5.6	5.1	5.9	8.5	7.0	4.8
Government purchases of goods and services	Bil. dol.	8.5	24.8	25.1	81.6	74.8	74.2	78.6	86.1	94.2	97.0	99.6	107.6	117.1	122.5	128.9	136.2	153.0
Federal (less Government sales)	Bil. dol.	1.3	16.9	12.5	57.0	47.4	44.1	45.6	49.5	53.6	53.7	53.5	57.4	63.4	64.2	65.2	66.8	76.9
State and local	Bil. dol.	7.2	7.9	12.6	24.6	27.4	30.1	33.0	36.6	40.6	43.3	46.1	50.2	53.7	58.2	63.7	69.4	76.2
Implicit price deflator for GNP	1954=100	50.6	47.2	74.6	88.3	89.6	90.9	94.0	97.5	100.0	101.6	103.3	104.6	105.8	107.2	108.9	110.9	114.2
Industrial production, total ^{2/}	1957-59=100	38	56	66	91	86	97	100	101	94	106	109	110	118	124	132	143	156
Total civilian employment ^{3/}	Millions	47.6	50.4	57.0	61.2	60.1	62.2	63.8	64.1	63.0	64.6	65.8	65.7	66.7	67.8	69.3	71.1	72.9
Nonagricultural employment	do.	37.2	41.2	49.1	54.9	53.9	55.7	57.5	58.1	57.4	59.1	60.3	60.5	61.8	63.1	64.8	66.7	68.9
Unemployment	do.	1.6	5.6	2.3	1.8	3.5	2.9	2.8	2.9	4.6	3.7	3.9	4.7	3.9	4.1	3.8	3.4	2.9
Income:																		
Nonagricultural payments ^{1/}	Bil. dol.	77.6	87.8	173.0	271.9	274.7	296.4	318.5	336.6	344.3	368.5	385.2	400.0	425.5	448.1	479.7	515.6	559.7
Production-worker payrolls ^{4/}	1957-59=100	20.0	30.7	60.3	93.6	85.4	94.8	100.2	101.4	93.5	105.1	106.7	105.4	113.8	117.9	124.3	136.3	150.4
Weekly earnings of production workers in manufacturing ^{4/}	Dollars	24.76	29.48	49.17	70.47	70.49	75.70	78.78	81.59	82.71	88.26	89.72	92.34	96.56	99.63	102.97	107.53	111.92
Durable goods	do.	26.84	33.56	51.76	76.63	76.19	82.19	85.28	88.26	89.27	96.05	97.44	100.35	104.70	108.09	112.19	117.18	121.67
Nondurable goods	do.	22.47	24.39	46.03	62.57	63.18	66.63	70.09	72.52	74.11	78.61	80.36	82.92	85.93	87.91	90.91	94.64	98.49
Agricultural trade: ^{5/}																		
Domestic exports	Bil. dol.	1.7	.7	4.0	2.8	3.1	3.2	4.2	4.5	3.9	4.0	4.8	5.0	5.0	5.6	6.3	6.2	6.9
Imports for consumption	Bil. dol.	2.2	1.7	2.8	4.2	4.0	4.0	4.0	4.0	3.9	4.1	3.8	3.7	3.9	4.0	4.1	4.1	4.5
Prices: ^{4/}																		
Wholesale prices, all commodities	1957-59=100	52	48	81	93	93	93	96	99	100	101	101	100	101	100	100	102	106
Industrial commodities ^{6/}	do.	52	50	75	90	90	92	96	99	100	101	101	101	101	101	101	102	105
Farm products	do.	64	50	109	106	104	98	97	99	104	97	97	96	98	96	94	98	106
Processed foods and feeds ^{6/}	do.	n.a.	n.a.	93	98	99	95	95	98	102	100	100	102	103	103	103	107	113
Consumer price index ^{7/}	do.	60	51	78	93	94	93	95	98	101	102	103	104	105	107	108	110	113
Food	do.	56	44	81	96	95	94	95	98	102	100	101	103	104	105	106	109	114
Prices received by farmers ^{8/}	1910-14=100	148	124	276	255	246	232	230	235	250	240	238	240	244	242	237	248	265
Crops	do.	135	108	263	240	242	231	235	225	223	222	222	227	232	239	239	232	235
Livestock and products	do.	159	138	288	268	249	234	226	244	273	256	253	251	255	245	236	261	292
Prices paid, interest, taxes, and wage rates ^{8/}	1910-14=100	160	133	240	277	278	276	278	287	294	298	300	302	307	312	313	321	334
Family living items	do.	154	130	237	269	270	270	274	282	287	288	290	291	295	298	300	306	315
Production items	do.	146	130	224	256	255	251	250	257	264	266	265	266	270	273	270	276	285
Parity ratio ^{8/}		92	93	115	92	89	84	83	82	85	81	80	79	80	78	76	77	80

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^{1/} U. S. Department of Commerce. ^{2/} Federal Reserve Board. ^{3/} U. S. Department of Labor. Series revised giving data for persons 16 years of age and over; old definition used for 1929 and 1941. ^{4/} U. S. Department of Labor. ^{5/} U. S. Department of Agriculture, Foreign Agricultural Service. ^{6/} Revisions in commodity classifications. Details available from Bureau of Labor Statistics, U. S. Department of Labor. ^{7/} Beginning 1964, new series. ^{8/} U. S. Department of Agriculture, Statistical Reporting Service. n.a. Not available.

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